

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 03213 241323Z

45

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

XMB-02 /104 W

----- 025334

R 241212Z JUN 75

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 3227

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE BELGRADE 3213

E.O. 11652: N/A

TAGS: ETRD, ECIN, EINV, ECON, YO

SUBJ: AMBASSADOR INTRODUCTORY CALL ON FOREIGN TRADE

SECRETARY LUDVIGER

1. SUMMARY: IN COURSE INTRODUCTORY CALL BY AMBASSADOR, SECRETARY FOR FOREIGN TRADE EMIL LUDVIGER EXPRESSED SATISFACTION WITH DEVELOPMENT US-YUGOSLAV ECONOMIC RELATIONS, EMPHASIZED IMPORTANCE OF THIS FOR OVERALL RELATIONS AND CONTRASTED WITH "UNFORTUNATE NEGATIVE EXPERIENCES" WITH EEC. IN LIGHT OF THESE EXPERIENCES, YUGOSLAVIA CONSIDERING DIVERSIFICATION IN ITS ECONOMIC RELATIONSHIPS, INCLUDING GREATER EMPHASIS ON COOPERATION WITH US. AMBASSADOR POINTED TO NEED TO SAFEGUARD GOOD INVESTMENT CLIMATE THROUGH AVOIDANCE OF CONFRONTATIONS IN MULTILATERAL FORUMS. LUDVIGER SUMMARIZED YUGOSLAV ECONOMIC SITUATION AND PLANS. END SUMMARY.

2. SECRETARY LUDVIGER STATED HE WAS "VERY SATISFIED" WITH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 03213 241323Z

DEVELOPMENT OF US-YUGOSLAV ECONOMIC RELATIONS DURING HIS TWO-

YEAR TERM OF OFFICE. VOLUME OF TRADE HAD NEARLY DOUBLED AND--
WHAT WAS OF KEY IMPORTANCE TO YUGOSLAVIA--U.S. MARKET WAS OPEN TO
HER EXPORTS, EXCHANGE OF GOODS HAS BEEN PRACTICALLY IN EQUILIBRIUM,
AND STRUCTURE WAS FAVORABLE TO YUGOSLAVIA, WITH AMPLE OPPORTUNITY
TO EXPORT INDUSTRIAL PRODUCTS.

2. SECRETARY LUDVIGER STATED HE WAS "VERY SATISFIED" WITH
DEVELOPMENT OF US-YUGOSLAV ECONOMIC RELATIONS DURING HIS TWO-YEAR
TERM OF OFFICE. VOLUME OF TRADE HAS NEARLY DOUBLED AND--WHAT WAS

OF KEY IMPORTANCE TO YUGOSLAVIA--U.S. MARKET WAS OPEN TO HER
EXPORTS, EXCHANGE OF GOODS HAS BEEN PRACTICALLY IN
EQUILIBRIUM, AND STRUCTURE WAS FAVORABLE TO YUGOSLAVIA,
WITH AMPLE OPPORTUNITY TO EXPORT INDUSTRIAL PRODUCTS.

3. LUDVIGER STATED HE WAS COUNTING ON U.S. GENERAL PREFERENTIAL
SCHEME AND END OF RECESSION TO PROVIDE FURTHER STIMULUS TO
YUGOSLAV EXPORTS. HOWEVER, HE ADDED, IT WILL BE NECESSARY FOR
YUGOSLAV EXPORTING ORGANIZATIONS TO BE MORE AGGRESSIVE AND
IMAGINATIVE. HE ALSO EXPRESSED HOPE THAT, ASIDE FROM
TRADE, MORE LONG-TERM LINKS WOULD BE CREATED.

4. EXCELLENT ECONOMIC RELATIONS HAVE MADE ESSENTIAL CONTRIBUTION
TO CLOSE AND STABLE OVERALL US-YUGOSLAV RELATIONS, LUDVIGER
COMMENTED.

5. AMBASSADOR AGREED THAT ECONOMIC RELATIONS AND POLITICAL
RELATIONS ARE INTERTWINED. HE ADDED THAT HE WOULD DEVOTE
MUCH TIME AND ENERGY TO FURTHER ENHANCEMENT OF ECONOMIC
COOPERATION, AND EXPRESSED HOPE THAT THIS WOULD GO HAND-IN-HAND WITH
DEVELOPMENT OF RELATIONS IN ALL AREAS.

6. ASKED WHAT TYPES OF ADDITIONAL LINKS HE FORESAW FOR THE
FUTURE, LUDVIGER MENTIONED POSSIBLE ORDER FOR TWO ADDITIONAL NUCLEAR
POWER PLANTS, LICENSES (HE CLAIMED THAT U.S. FIRMS HAVE PROVIDED
ONLY 27 OF ABOUT 100 MAJOR FOREIGN LICENSES GRANTED TO DATE)
AND JOINT VENTURES. HE EXPRESSED HIS GREAT SATISFACTION
ABOUT PROSPECTS FOR
A \$500 MILLION JOINT INVESTMENT ARRANGEMENT FOR A PETRO-
CHEMICAL COMPLEX BETWEEN DOW CHEMICAL AND INA. YUGOSLAVIA WANTS US.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 03213 241323Z

ENTER-
PRISES TO PARTICIPATE ACTIVELY IN DEVELOPMENT OF PRIORITY AREAS--
ENERGY, RAW MATERIALS, FOODSTUFFS--AS WELL AS IN RAISING LEVEL
OF TECHNOLOGY GENERALLY.

7. AMBASSADOR REQUESTED LUDVIGER COMMENT ON INDICATIONS WE HAD IN
COURSE OPIC PRESIDENT MAY VISIT (SEE SEPTTEL) THAT JOINT VENTURE
LEGISLATION WOULD SHORTLY BE CHANGED TO PROVIDE MORE FLEXIBILITY

FOR REPARATION OF EARNINGS. SUCH A CHANGE WOULD STIMULATE
ADDITIONAL INTEREST AMONG AMERICAN FIRMS IN INVESTMENT IN
YUGOSLAVIA, HE ADDED.

8. LUDVIGER RESPONDED THAT SUCH CHANGES ARE UNDER CONSIDERATION
IN CONNECTION WITH CURRENT, CONTINUING EFFORTS TO ADOPT OVERALL
LEGISLATION AFFECTING BUSINESS ENTERPRISES TO CONSTITUTION OF
SPRING 1974. DUE TO "DIFFICULTIES" WITH FEDERAL ASSEMBLY AND WITH
REPUBLICS, PROCESS WILL BE DELAYED--UP TO ONE YEAR--BEYOND ORIGINALLY

-
SET JUNE 1975 DEADLINE. UNDOUBTEDLY,
HOWEVER--HE ADDED--ENTERPRISES WILL BET
ADDITIONAL RIGHTS IN JOINT VENTURE AREA.

9. AMEMBASSADOR EMPHISIZED NEED FOR GOOD, OVERALL INVESTMENT
CLIMATE IN WORLD. CONFRONTATION AND HEADED RHETORIC AT INTERNATIONAL
GATHERINGS-- HE POINTED OUT--COULD PRODUCE A CLIMATE
UNCONDUCTIVE TO INVESTMENT
ABROAD, AND AMERICAN FIRMS MIGHT THEN LEAVE THEIR
CAPITAL AT HOME.

12. LUDVIGER CONTRASTED GOOD US-YUGOSLAV RELATIONSHIP WITH RECENT
"NEGATIVE EXPERIENCES AND LACK OF UNDERSTANDING" IN RELATIONSHIP
WITH EEC. HE SUMMARIZED--VERY HEATEDLY--UNILATERAL EEC ACTION TO
CUTTING OFF YUGOSLAV BEEN EXPORTS. MID-JUNE VISIT OF EC
PRESIDENT ORTOLI HAD NOT BROUGHT REAL PROGRESS, LUDVIGER INDICATED,
WITH ORTOLI REPORTEDLY POINTING OUT THAT
"EEC HAS ALREADY DONE A LOT FOR
LESS DEVELOPED COUNTRIES." LUDVIGER HAS RESPONDED TO ORTOLI
THAT "EUROPEAN LDC"" (YUGOSLAVIA) HAD NOT BENEFITTED FROM
RECENT PREFERENTIAL ARRANGEMENTS, AND THAT--INSTEAD--YUGOSLAV
EEC AGREEMENT HAD BEEN UNILATERALLY CURTAILED. YUGOSLAVIA IS
CONSIDERING SOME FUNDAMENTAL DIVERSIFICATION OF ITS ECONOMIC
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BELGRA 03213 241323Z

RELATIONS, IN LIGHT OF CONTINUING TROUBLES WITH EEC,
LUDVIGER ADDED.

11. AMBASSADOR NOTED THAT YUGOSLAV ECONOMIC INTERESTS AS
EUROPEAN COUNTRY WERE SOMEWHAT DIFFERENT FROM THOSE OF OTHER
LDC'S.

12. LUDVIGER RESPONDED THAT LDC SOLIDARITY WAS "BASIC POLITICAL
POSITION." AS TO ECONOMIC RELATIONS, YUGOSLAVIA CONTINUES TO
BE INTERESTED IN COOPERATION WITH ALL REGIONS. DUE TO CURRENT
RELATIES IN RELATIONSHIP WITH EEC, HOWEVER, YUGOSLAVS FORCED TO
CINSIDER DIVERSIFICATION. AS A RESULT, "THERE IS LOTS OF ROOM FOR
GREATER COOPERATIONS WITH U.S.," AND THIS IS ALSO YUGOSLAV DESIRE.

13. PROCEEDING TO DISCUSSION OF YUGOSLAV ECONOMIC SITUATION,

LUDVIGER COMMENTED THAT THERE WAS A NEED FOR MEASURES TO COMBAT
VERY HIGH INFLATION AND ADVERSE BALANCE OF PAYMENT SITUATION.
PURSUANT TO GATT ARTICLE 18, YUGOSLAVIA HAS INCREASED IMPORT
SURCHARGE TO 10 PERCENT ON MOST DUTIABLE TIEMS, AND TO 5
PERCENT ON ITEMS WHICH FIT INTO PRIORITY
DEVELOPMENT PLANS. AVERAGE INCREASE IN SURCHARGE IS
ONLY 3 PERCENT, HOWEVER--LUDVIGER EMPHASIZED--AND IT IS GOY
HOPE THAT MEASURE CAN BE RESCINDED BY END OF YEAR.

14. ECONOMIC PROBLEMS MUST BE HANDLED IN SUCH A WAY AS NOT TO
SLOW TRADITIONAL SIX TO SEVEN PERCENT GROWTH IN GNP OR URGENTLY
NEEDED SPEEDY PROGRESS OF UNDERDEVELOPED SOUTHERN REGIONS,
LUDVIGER EXPLAINED.

15. COMMENT: ON YUGOSLAV-EEC RELATIONS, SEE SEPTTEL.
SILBERMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BELGRA03213
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750219-0199
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750619/aaaaaqrv.tel
Line Count: 185
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by ElyME>; APPROVED <12 NOV 2003 by CunninFX>; APPROVED <12 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR INTRODUCTORY CALL ON FOREIGN TRADE SECRETARY LUDVIGER
TAGS: ETRD, ECIN, EINV, ECON, YO, US, (LUDVIGER, EMIL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006